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Venator

Annual Report

VENATOR
PETROLEUM
COMPANY LTD

Highlights

	% Change	1994	1993
FINANCIAL			
Total production revenues	+96%	**$ 2,146,089**	$ 1,093,057
Cash generated from operations	+122%	**$ 1,411,662**	$ 635,301
Cash generated from operations per share	+64%	**$ 0.23**	$ 0.14
Net earnings	+290%	**$ 425,856**	$ 109,236
Net earnings per share	+250%	**$ 0.07**	$ 0.02
Capital expenditures	+202%	**$ 3,041,896**	$ 1,007,928
Total assets	+39%	**$ 7,379,518**	$ 5,306,780
Debt		**–**	–
Common shares outstanding – average			
Common shares outstanding – at year end		**6,065,394**	6,000,000
PRODUCTION (Before royalties)			
Average daily oil production			
(b/d - barrels per day)	+176%	**199**	72
Average daily natural gas production			
(mcf/d - thousand cubic feet per day)	-5%	**1,102**	1,166
DRILLING (Gross wells)			
Gas completions		**3**	0
Oil completions		**10**	4
Dry and abandoned		**4**	1
Total wells		**17**	5
UNDEVELOPED LANDHOLDINGS (Acres)			
Gross		**38,737**	43,164
Net		**9,817**	10,861

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Corporate Profile

Venator Petroleum Company Ltd. is a junior oil and gas company engaged in exploration, development and producing operations in Western Canada. As at November 30, 1994, 6,065,394 common shares were issued and outstanding. The Company is listed on the Alberta Stock Exchange.

Annual Meeting

The Annual Meeting of Shareholders will be held on Friday, June 2, 1995 at 2:00 p.m., in Viking Room 'A' of the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta.

Venator Petroleum Company Ltd. was listed on the Alberta Stock Exchange in August of 1993. The Company's fiscal and operating strategies have resulted in exceptional growth in revenues, net earnings, cash flow, production and reserves. With a budget of $4.2 million and market capitalization of $6.1 million at year end, the Company is poised for an aggressive drilling and acquisition program in 1995.

Report to Shareholders

Record Performance in Fiscal 1994 • During the fiscal year ended November 30, 1994, Venator's exploration and development programs in Western Canada again achieved significant financial and operating success. Revenues increased 96% to $2,146,089 from $1,093,057 in 1993 while net earnings increased almost 300% to reach $425,856 or seven cents per share compared with $109,236 or two cents per share for the previous year. Cash flow generated from operations rose 124% to $1,411,662 or 23 cents per share from $635,301 or 14 cents per share in 1993.

On a BOE (barrel of oil equivalent) basis, Venator's average daily oil and gas production rose 63% to 309 BOE/d from 189 BOE/d in fiscal 1993. Average daily oil production rose 176% to 199 barrels per day (b/d) while gas production was relatively unchanged at 1.10 million cubic feet per day (mmcf/d). Venator's production levels increased steadily throughout the year until production for the month of November reached 430 BOE/d or 253 b/d of oil and 1.77 mmcf/d of gas.

The Company's average price received for oil and natural gas on a BOE basis increased 18% to $18.73 per BOE in 1994 from $15.88 per BOE in 1993. Royalty expenses (net of ARTC) of $1.80 and operating costs of $2.96 per BOE generated an operating netback of $13.97 per BOE in 1994 compared with $10.97 per BOE in 1993.

1994 Highlights • Venator conducted an aggressive drilling and acquisition program in 1994. The Company participated in a record 17 wells, compared with five wells in 1993, which resulted in 10 oil wells and three gas wells. Drilling successes added crude oil volumes at Alderson, Enchant and Gold Creek, Alberta while new gas volumes were added at Wembley, Alberta and Salvador, Saskatchewan. Facilities were constructed to tie-in oil production at Alderson while gas production was placed onstream during the year at Wembley. Venator also acquired oil reserves at Spirit River and Alderson, Alberta for $772,500.

The 1994 drilling and acquisition program increased oil production to a fourth quarter average of 253 b/d, an increase of 224% from an average level of 72 b/d in 1993.

New Year End • The Company has changed its year end from November 30th to December 31st

effective December 31st, 1994 to facilitate comparison of the Company's financial position and operating results by shareholders and investment analysts.

Outlook • Due to a variety of factors, gas prices remain severely depressed. However oil prices and, in particular, medium crude prices are buoyant with high refinery demand and low quality differentials. Venator has in fact achieved oil development success at an opportune time. Our medium crude Alderson discovery is receiving excellent prices and netbacks of over $13 per barrel.

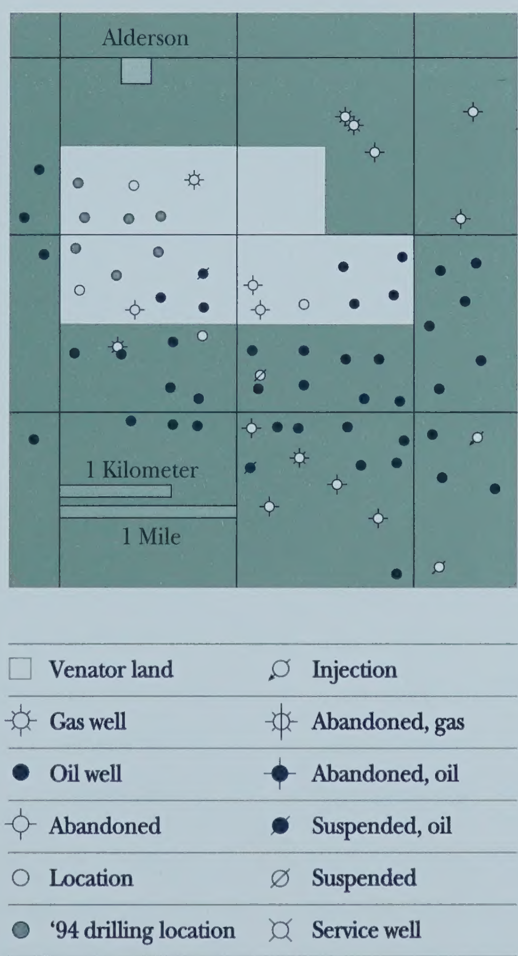
Venator's strategy is to be active in all areas of exploration, development and acquisition. Our exploration programs are developed in-house by our staff, we bid on Crown sale lands and pursue joint venture arrangements. We now feel the Company can afford to dedicate a larger portion of its cash flow to exploration activity and, in this manner, gain exposure to higher risk/reward prospects. We are encouraged by the trend to lower acreage prices at Crown sales and have been an active bidder.

Our development programs are focused on lower risk drilling to produce an immediate impact on production and cash flow, and field extension projects are scheduled for Alderson, Gold Creek and Wembley this year. Through acquisitions, we plan to add additional long lived, robust netback properties to our reserves and are hopeful that prices for production acquisitions will continue to moderate.

Our 1995 budget is set at a record $4.2 million funded by $1.8 million in cash flow, $500,000 in cash and $1.9 million in selective debt financing. Approximately $1.7 million will be allocated to exploratory and development drilling while up to $2.5 million has been targeted for acquiring production.

Venator's balanced approach and conservative fiscal management has enabled us to achieve strong production and reserve gains while financing our drilling activities almost entirely from cash flow. We have an excellent balance sheet with cash on hand, strong cash flow and no debt. Venator is well-positioned to take advantage of opportunities as they occur in the coming year to expand our core producing properties.

Alderson, Alberta



On behalf of the Board,

Ben F. Van Sant

Ben F. Van Sant
President, Director
March 9th, 1995

Venator financed its 1994 drilling program almost entirely from cash flow. The Company participated in a record 17 wells, compared with five wells in 1993, which resulted in ten oil wells and three gas wells.

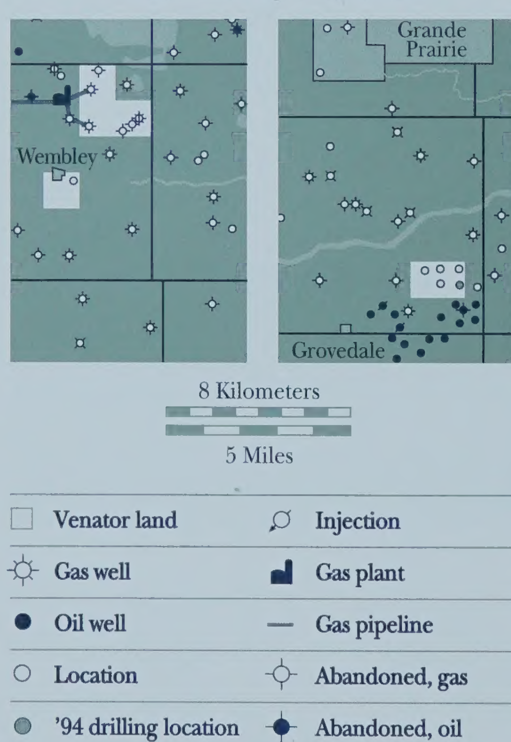
Exploration & Development

Alderson, Alberta • During 1994, the Company pursued an aggressive development and acquisition program at Alderson and constructed new facilities to facilitate increasing production volumes.

The Company drilled seven (2.6 net) oil wells, which it operated, and purchased a 50% interest for $388,000 in four oil wells and 640 acres of undeveloped land. The majority of our wells were flowlined to a central gathering point and tied-in to a nearby battery to eliminate trucking. This has raised cash netbacks by reducing operating costs and allowed for gas conservation.

Venator is also involved in a waterflood pilot for the Alderson Mannville TT pool after successfully testing water source and injection wells. This pilot is scheduled to come onstream in March 1995. If successful, it will increase oil recovery by lengthening the life of the pool and reducing its natural rate of decline. Daily production has reached 400 b/d (180 b/d net). Alderson crude received an average price of $17.39 per barrel in 1994 and prices currently are in excess of $19 per barrel.

Wembley and Gold Creek, Alberta



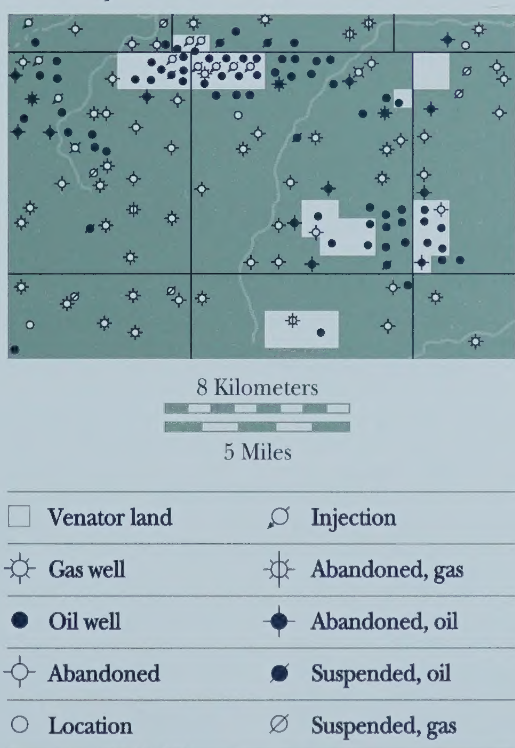
Wembley, Alberta • Two (1 net) successful gas wells were operated at Wembley in March and May of 1994. Wellsite facilities and a gathering system were constructed in August to tie the wells into a nearby plant. Marketing arrangements are in place for production at a wellhead price of approximately $1.70 per mcf until November 1995 when pricing will be redetermined. During

the first quarter of 1995, the Company participated in construction of a compression facility to boost production from the current rate of 1.2 mmcf/d (600 mcf/d net). The Company plans to drill an additional well on the property during the second quarter.

Progress and Spirit River, Alberta • The Company's major light oil assets are located at Progress and Spirit River. During 1994, the waterflood program at the Progress Doe Creek Unit was enlarged by the conversion of two producers to water injection. In January 1994, the Company purchased various working and royalty interests in the Charlie Lake 'E' pool at Spirit River for $385,000. A favourable waterflood feasibility study, which indicates increased production rates and recoverable reserves, has been completed. Unitization and construction discussions are expected to commence in 1995.

Gold Creek, Alberta • During the fourth quarter, Venator participated for a 23% before payout (11.5% after payout) interest in a successful farm-in which extended the producing trend of the Doe Creek Elmworth 'B' pool. This well is a direct offset of 50% interest lands that were acquired a few years ago at a very reasonable price. Two wells are planned for Gold Creek following breakup.

Progress and Spirit River, Alberta



Current production from the existing 6-12 well is approximately 50 b/d (13 b/d net).

During 1994, Venator Petroleum was also active drilling wells and adding production at Enchant, Alberta and Salvador, Saskatchewan. In the first quarter of 1995, the Company participated in three (0.6 net) successful gas wells at Thornbury, Alberta.

New Prospects • The Company will continue to pursue a balanced program of exploration, development and acquisition opportunities. To date, we have acquired undeveloped exploration acreage at Grand Forks, Lathom, Lator, and Progress East. We hope to increase our undeveloped land holdings at more opportune prices this year and are pursuing a number of prospects. We feel that improving our exploration acreage position is the most effective strategy to gain exposure to higher-risk/higher-reward prospects.

Development activity in 1995 will be focused at Alderson, Gold Creek and Wembley, Alberta where we can participate in moderate-risk drilling prospects to increase our production volumes and cash flow. Acquisition activity will be focused on buying long life, high quality reserves and the Company is currently bidding on a number of opportunities.

Management's Discussion & Financial Analysis

Revenues and Expenses • Production revenues rose 96% to $2,146,089 from the 1993 total of $1,093,057 due to increases in oil and natural gas volumes and prices. Some 62% of the Company's 1994 revenues came from crude oil sales and the remaining 38% from natural gas. Royalty expenses after ARTC were $203,025 or $1.80/BOE. Operating expenses were $333,865 or $2.96 BOE (net of recoveries of $119,341). On a BOE basis, the average price received was $18.73 compared to $15.88 in 1993. Operating netbacks were very satisfactory at $13.97 per BOE compared to $10.97 per BOE in 1993. High production volumes, product prices and reduced royalty and operating expenses increased Venator's cash netbacks.

Oil and Natural Gas Revenue

	% Change	1994	1993
Natural Gas	+26%	**786,007**	621,361
Crude Oil	+182%	**1,360,082**	471,696
Total	+96%	**2,146,089**	1,093,057

General and Administrative Costs • General and administrative costs increased to $185,570 from $141,260 in 1993. The Company capitalized a portion of its salary expense relating to geotechnical staff as well as certain expenses incurred in obtaining its public listing. General and administrative expenses measured on a BOE basis were reduced by 20% to $1.64 per BOE compared to $2.05 per BOE in 1993.

Equity and Capital Resources • Expenditures on oil and gas properties were $3,041,896 compared to $1,007,928 in 1993. The expenditures were funded from cash flow and cash in short term deposits. The Company issued 65,394 shares pursuant to the exercise of stock options in 1994 raising $58,913. The Company has not raised further funding since going public in 1993 and has net working capital of $492,374 with no debt and 6,065,394 shares outstanding. The Company has set a 1995 budget of $4.2 million which utilizes the working capital balance, cash flow and debt financing equivalent to about one year's cash flow.

Net Asset Value

P & NG Production Properties (15% Net Present Value)	$ 6,895,622
Net Working Capital	$ 492,374
Undeveloped Land	$ 321,750
Net Asset Value	$ 7,709,746
Net Asset Value Per Share (6,065,394 shares outstanding)	$ 1.27

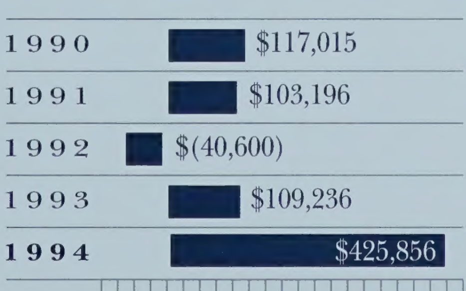
Net Asset Value • The Company's petroleum and natural gas properties, utilizing escalating prices, have been evaluated by an independent engineering company, McDaniel and Associates, as of December 1, 1994. Venator's undeveloped land value was calculated in-house and the average value assigned to undeveloped acreage is $32.77 per acre.

Change of Year End • The Company has changed its year end from November 30th to December 31st effective December 31st, 1994 to facilitate comparison of its financial results by shareholders and investment analysts. The new year end will also coincide with reporting for various regulatory and tax filings.

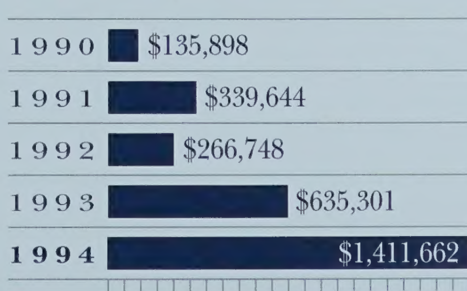
Operations Highlights

Year Ended November 30	% Change	**1994**	1993
PRODUCTION			
Natural gas (mcf/d)	-5%	**1,102**	1,166
Crude oil (b/d)	+176%	**199**	72
Total	+63%	**309**	189
PRICES REALIZED			
Natural gas (per mcf)	+34%	**$ 1.95**	$ 1.46
Crude oil (per bbl)	+2%	**$ 18.30**	$ 17.93
Average (per BOE)	+18%	**$ 18.73**	$ 15.88
EXPENSES AND NETBACKS			
Average BOE operating expense	-3.6%	**$ 2.96**	$ 3.07
Average BOE royalty expense	-2.2%	**$ 1.80**	$ 1.84
Average gas netback	+41%	**$ 1.34**	$ .95
Average oil netback	+23%	**$ 14.93**	$ 12.10
Average netback BOE	+27%	**$ 13.97**	$ 10.97

Net Earnings



Cash Flow



Management's Report

The accompanying financial statements of Venator Petroleum Company Ltd. and all information in the Annual Report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and include some amounts that are based on management's best estimates. Financial and operating data elsewhere in the Annual Report are consistent with the information contained in the financial statements in all material respects.

In fulfilling their responsibilities, management of Venator Petroleum ensures that systems of internal accounting controls are designed to provide reasonable assurance that assets are safeguarded and financial records are properly maintained to provide reliable financial statements.

External Auditors appointed by the shareholders have examined the financial statements. The Audit Committee, consisting of a majority of non-management directors, has reviewed these financial statements with management (and the auditors) and has reported to the Board of Directors. The Board has approved the financial statements.

Ben F. Van Sant

Ben F. Van Sant
President, Director
March 9th, 1995

Auditors' Report

To the Shareholders of
Venator Petroleum Company Ltd.

We have audited the balance sheets of Venator Petroleum Company Ltd. as at December 31, 1994, November 30, 1994 and November 30, 1993 and the statements of operations and changes in financial position for the periods ended December 31, 1994, November 30, 1994 and November 30, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1994, November 30, 1994 and November 30, 1993 and the results of its operations and changes in its financial position for the periods then ended in accordance with generally accepted accounting principles.

Doane Raymond.

February 8, 1995
Chartered Accountants

Venator Petroleum Company Ltd.

Balance Sheet

(Note 1)	**December 31, 1994**	November 30, 1994	November 30, 1993
ASSETS			
Current			
Cash	**$ 1,067,864**	$ 1,188,133	$ 2,050,102
Accounts receivable	**1,088,169**	923,154	186,158
Prepaid expenses	**3,860**	4,613	2,893
	2,159,893	2,115,900	2,239,153
Property and equipment *(Note 3)*	**5,264,207**	5,263,618	3,067,627
	$ 7,424,100	$ 7,379,518	$ 5,306,780
LIABILITIES			
Current			
Accounts payable	**$ 1,501,611**	$ 1,532,226	$ 275,505
Income taxes payable	**117,100**	91,300	11,652
	1,618,711	1,623,526	287,157
Provision for site restoration and abandonments	**64,600**	60,400	10,400
Deferred income taxes	**402,890**	402,590	200,990
	2,086,201	2,086,516	498,547
SHAREHOLDERS' EQUITY			
Capital stock *(Note 4)*	4,468,676	4,468,676	4,409,763
Retained earnings	**869,223**	824,326	398,470
	5,337,899	5,293,002	4,808,233
	$ 7,424,100	$ 7,379,518	$ 5,306,780

See accompanying notes to the financial statements.

On behalf of the Board

Director

Director

Venator Petroleum Company Ltd.

Statement of Operations

(Note 1)	Period ended December 31, 1994	Year Ended November 30, 1994	Year Ended November 30, 1993
REVENUE			
Oil and gas sales	**$ 220,597**	$ 2,146,089	$ 1,093,057
Less: royalties	**(18,869)**	(203,025)	(126,957)
Net production revenue	**201,728**	1,943,064	966,100
Interest and other income	**5,462**	79,333	35,025
	207,190	2,022,397	1,001,125
EXPENSES			
Operating	**31,606**	333,865	212,049
General and administrative	**15,559**	185,570	141,260
Depletion and depreciation	**89,028**	784,206	385,065
	136,193	1,303,641	738,374
Earnings before income taxes	**70,997**	718,756	262,751
Income tax expense *(Note 5)*			
Current	**25,800**	91,300	12,515
Deferred	**300**	201,600	141,000
	26,100	292,900	153,515
NET EARNINGS	**44,897**	425,856	109,236
Retained Earnings beginning of period	**824,326**	398,470	289,234
Retained Earnings end of period	**$ 869,223**	$ 824,326	$ 398,470
EARNINGS per share			
Basic	**$ 0.01**	$ 0.07	$ 0.02
Fully diluted	**$ 0.01**	$ 0.07	$ 0.02

See accompanying notes to the financial statements.

Venator Petroleum Company Ltd.

Statement of Changes in Financial Position

(Note 1)	**Period ended December 31, 1994**	Year Ended November 30, 1994	Year Ended November 30, 1993
CASH DERIVED FROM (applied to)			
OPERATING			
Net earnings	**$ 44,897**	$ 425,856	$ 109,236
Depletion and depreciation	**89,028**	784,206	385,065
Deferred income taxes	**300**	201,600	141,000
Change in non-cash operating working capital *(Note 6)*	**(169,077)**	597,653	(163,985)
	(34,852)	2,009,315	471,316
FINANCING			
Issuance of shares	**–**	58,913	1,829,563
Reduction of funds held in trust	**–**	–	58,690
Reduction of trust liability	**–**	–	(1,919)
	–	58,913	1,886,334
INVESTING			
Additions to property and equipment	**(85,417)**	(3,041,896)	(1,007,928)
Proceeds on disposition of property and equipment	**–**	111,699	–
	(85,417)	(2,930,197)	(1,007,928)
Net increase (decrease) in cash	**(120,269)**	(861,969)	1,349,722
Cash, beginning of period	**1,188,133**	2,050,102	700,380
Cash, end of period	**$ 1,067,864**	$ 1,188,133	$ 2,050,102

See accompanying notes to the financial statements.

Venator Petroleum Company Ltd.

Notes to the Financial Statements

December 31, 1994

Note 1. PRESENTATION

Change of year end • During the year, the Company changed its year end from November 30 to December 31 effective December 31, 1994. These financial statements present the financial position and results of operations of the Company for the transition year, being the one month ended December 31, 1994, in addition to the financial position and results of operations for the year ended November 30, 1994 with comparative figures for the year ended November 30, 1993.

Business combination • On June 22, 1993, pursuant to an Amalgamation Agreement dated effective June 1, 1993, Venator Petroleum Company Ltd. and Venator (1988) Ltd. agreed to amalgamate and continue activities as one corporation. On amalgamation, each issued common share of Venator Petroleum Company Ltd. and each issued common share of Venator (1988) Ltd. was converted to 3.971 and 51.144 common shares respectively, of the amalgamated company which continued as Venator Petroleum Company Ltd.

The amalgamation has been accounted for on a continuity of interests basis, whereby the historical carrying value of the assets, liabilities and shareholders' equity and the historical operating results of the corporations are combined after elimination of all intercompany transactions.

Net assets brought into the combination by each of the corporations and net earnings of each of the combining corporations from December 1, 1992 to June 22, 1993 are:

	Venator (1988) Ltd.	Venator Petroleum Company Ltd.
Total assets	$ 2,658,861	$ 827,598
Total liabilities	(164,236)	(390,600)
Net assets	$ 2,494,625	$ 436,998
Non-controlling interest in net assets	$ –	$ 214,125
Revenues	$ 517,904	$ 62,901
Net earnings	$ 56,342	$ 4,741
Non-controlling interest in net earnings	$ –	$ 2,323

Financial statements for 1993 have been prepared on a combined basis giving retroactive effect to the foregoing business combination.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, and reflect the following policies:

Petroleum and natural gas properties • The Company follows the full cost method of accounting for its petroleum and natural gas operations. Under this method all costs of exploration for and development of petroleum and natural gas reserves are capitalized. Costs include lease acquisition costs, geological and geophysical expenses, overhead directly related to exploration and development activities and costs of drilling both productive and non-productive wells, less estimated tax benefits transferred to shareholders pursuant to flow-through share issues. Proceeds from the sale of properties are applied against capitalized costs, without any gain or loss being recognized, unless such sale would significantly alter the rate of depletion and depreciation.

Depletion of exploration and development costs and depreciation of production equipment is provided using the unit-of-production method based upon estimated proven petroleum and natural gas reserves. For depletion and depreciation purposes, the Company converts the volume of gas production and reserves at the ratio of six thousand cubic feet of gas to one barrel of oil.

The carrying value of petroleum and natural gas properties and production equipment, net of recorded deferred income taxes, is compared annually to an estimate of future net cash flow from the production of proven reserves using year end prices, less estimated future general and administrative expenses, financing costs and income taxes. Should this comparison indicate an excess carrying value, the excess will be charged against earnings as additional depletion and depreciation.

Estimated future net costs of well abandonments and site restoration aggregate $380,000 at December 31 and November 30, 1994 (1993 - $59,000). An annual provision for site restoration and abandonments is computed on a unit-of-production basis and is recorded as additional depletion and depreciation expense for the year, the accumulated provision is recorded as a non-current liability.

Joint operations • Substantially all petroleum and natural gas activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

Flow-through common shares • The Company credits capital stock with the proceeds of flow-through share issues less the estimated tax benefits transferred to the shareholders.

Earnings per share • Earnings per common share is calculated based upon the weighted average number of common shares outstanding during the period.

Note 3. PROPERTY AND EQUIPMENT

	December 31, 1994	November 30, 1994	November 30, 1993
Petroleum and natural gas properties	**$ 6,262,232**	$ 6,226,682	$ 4,060,439
Tax benefits transferred to shareholders	**(1,089,949)**	(1,089,949)	(1,089,949)
	5,172,283	5,136,733	2,970,490
Accumulated depletion	**(1,207,937)**	(1,145,430)	(601,076)
	3,964,346	3,991,303	2,369,414
Production equipment	**1,777,526**	1,727,659	971,179
Office equipment	**16,018**	16,018	8,545
Accumulated depreciation	**(493,683)**	(471,362)	(281,511)
	1,299,861	1,272,315	698,213
	$ 5,264,207	$ 5,263,618	$ 3,067,627

The Company has financed a portion of its exploration and development activities through the issue of flow-through shares. As a result, petroleum and natural gas properties with a cost of $2,602,541 have no cost basis for income tax purposes and are carried net of the estimated tax benefits transferred to shareholders.

Note 4. CAPITAL STOCK

Authorized: Unlimited number of common shares without par value. Unlimited number of Class A preferred shares issuable in series. Unlimited number of Class B preferred shares issuable in series.

Common shares issued	# of Shares	Stated Value
VENATOR PETROLEUM COMPANY LTD.		
Issued, December 1, 1992	108,250	$ **281,125**
Issued, prior to amalgamation	32,438	**90,490**
	140,688	**371,615**
Exchange ratio	3.971	–
	558,648	**371,615**
VENATOR (1988) LTD.		
Issued, December 31, 1992	43,128	**1,601,351**
Issued, prior to amalgamation	20,700	**608,353**
	63,828	**2,209,704**
Exchange ratio	51,144	–
	3,264,407	**2,209,704**
COMBINED TOTAL	3,823,055	**2,581,319**
Issued subsequent to amalgamation	2,176,945	**1,828,444**
Total, November 30, 1993	6,000,000	$ **4,409,763**
Issued pursuant to stock options	65,394	**58,913**
Total, November 30 and December 31, 1994	6,065,394	$ **4,468, 676**

Outstanding options: The Company has allocated common shares for issue pursuant to option agreements as follows:

	November 30, 1994 and December 31,1994		November 30, 1993	
Expiry Date	# of Shares	Price	# of Shares	Price
October 31, 1995	55,728	$ **0.76**	55,728	$ 0.76
December 3, 1996	68,378	$ **0.76**	101,388	$ 0.76
June 27, 1998	194,316	$ **1.00**	242,894	$ 1.00
October 31, 1999	30,000	$ **1.00**	–	–
	348,422		400,010	

Note 5. INCOME TAXES

Provision for income taxes • The total provision for income taxes differs from the expected amount calculated by applying the combined basic Federal and Provincial tax rate of approximately 44% to earnings before income taxes. This difference results from the following items:

	December 31, 1994	November 30, 1994	November 30, 1993
Expected income tax expense	**$ 31,239**	$ 316,252	$ 116,000
Increase (decrease) resulting from:			
Non-deductible crown charges	**14,800**	187,100	69,000
Depletion of assets without a tax base	**6,700**	58,800	68,000
Resource allowance	**(16,300)**	(156,000)	(70,000)
Royalty tax credits	**(9,000)**	(97,900)	(18,000)
Other deductions	**(1,339)**	(15,352)	(11,485)
Provision for income taxes	**$ 26,100**	$ 292,900	$ 153,515

Available tax deductions • The Company has available the following approximate amounts which may be deducted in determining taxable income of future years. The amounts are deductible at the annual rates indicated:

	Rate	December 31, 1994	November 30, 1994	November 30, 1993
Canadian development expense	30%	**$ 897,000**	$ 902,000	$ 149,000
Canadian oil and gas property expense	10%	**$ 1,272,000**	$ 1,283,000	$ 694,000
Undepreciated capital cost	25%	**$ 1,097,000**	$ 1,070,000	$ 539,000
Share issue costs	20%	**$ 119,000**	$ 122,000	$ 157,000

Note 6. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	December 31, 1994	November 30, 1994	November 30, 1993
CASH DERIVED FROM (applied to):			
Accounts receivable	**$ (165,015)**	$ (736,996)	$ (59,824)
Prepaids	**753**	(1,720)	645
Accounts payable	**(30,615)**	1,256,721	(114,706)
Income taxes payable	**25,800**	79,648	9,900
Change in non-cash operating working capital	**$ (169,077)**	$ 597,653	$ (163,985)

Board of Directors

Robert M. Libin
Calgary, Alberta

Byron J. Seaman
Calgary, Alberta

Benjamin F. Van Sant
Calgary, Alberta

Anthony R. van Winkoop
Calgary, Alberta

Bruce W. Watson
Calgary, Alberta

Corporate Officers

Benjamin F. Van Sant
President

Anthony R. van Winkoop
Vice-President, Exploration and Operations

Mark S. McKean
Chief Geologist

Abbreviations Used

Item	Definition
mcf/d	thousand cubic feet per day
mmcf/d	million cubic feet per day
bbl/d	barrels per day
BOE	barrels of oil equivalent (10 mcf per bbl)
BOE/d	barrels of oil equivalent per day

VENATOR

PETROLEUM

COMPANY LTD

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Calgary, Alberta
T2P 3L8

Stock Exchange Listing
Alberta Stock Exchange
Trading Symbol - VTP

Registrar & Transfer Agent
Montreal Trust
411 8th Avenue S.W.
Calgary, Alberta
T2P 1E7

Auditors
Doane Raymond
Chartered Accountants
Calgary, Alberta